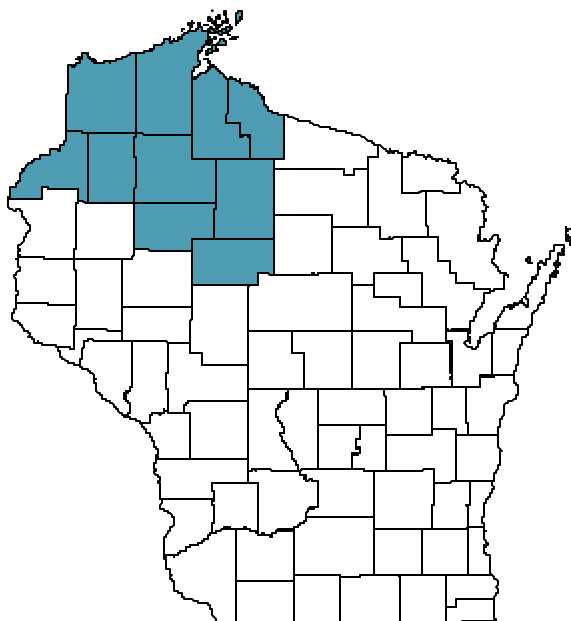


# Workforce Development Area Profile

## Northwest Wisconsin

Ashland, Bayfield, Burnett, Douglas, Iron, Price,  
Rusk, Sawyer, Taylor, and Washburn Counties



The labor market is a constant ebb and flow of supply and demand. Too little demand for workers creates too much supply and unemployment increases. But too little supply of workers means job vacancies and lack of employment growth.

Every Workforce Development Area in the state should anticipate a tight labor supply condition by the end of the next decade. Planners in each area must understand the unique set of employment characteristics in their region to develop a strategy to meet a future where demand will exceed supply.

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State of Wisconsin  
Department of Workforce Development

January 2003



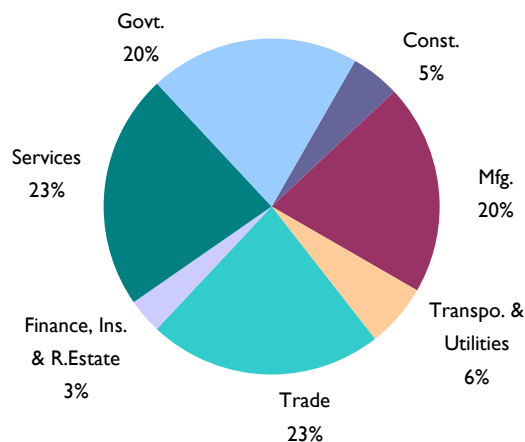
## - The Demand for Workers -

### Northwest Wisconsin Employment

Employment and the demand for workers in Northwest Wisconsin are defined by the types of jobs created by local employers. Those employers, in turn, are defined by the product or service they produce. At least that's the way it has been for the last seventy years. In 2003 the industry coding system for employers, used to publish employment estimates for states, metropolitan areas and counties, will change from Standard Industry Classifications (SIC) to the North American Industry Classification System (NAICS). The tables and graphs in this publication will be the last look at industry employment using the old, and familiar, system.

From 1996 to 2001 the number of jobs with employers located in the ten-county region of Northwest Wisconsin increased 10.3 percent from 65,934 to 72,697. The largest numeric increase in jobs occurred from employers in the services industry division, even though the greatest percent change (39%) occurred in the construction industry. Many of the jobs in construction involved home building and renovation and workers in the northwest have been stretched to meet the demands created by the influx of new residents. During the five-year period nearly 1,000 construction jobs were added to the local economy al-

**Northwest Wisconsin Industry Distribution: 2001**



Source: WI DWD, Nonfarm wage and salary estimates, revised March 2002

though no jobs were added in 2001. The number of construction jobs in 2001 was 3,450 in Northwest Wisconsin.

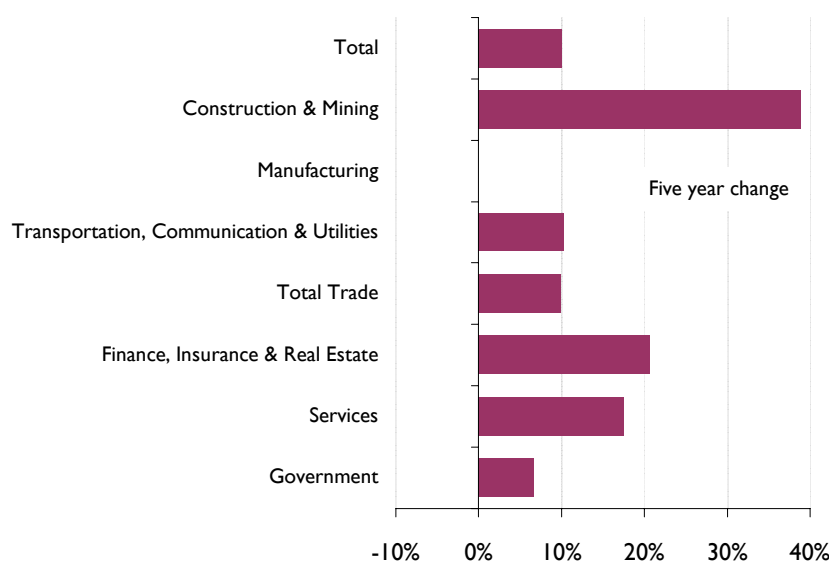
The greatest demand for workers, however, occurred from the largest industry division, services. From 1996 to 2001, 2,450 jobs were created by employers and total employment in the services industry is at an all-time high of 16,500. The industry is large because it includes a wide variety of employers (this will change under NAICS). The largest group of services industry employers, health care providers, created most of the new jobs in the last five years. The division also includes a myriad of business services from accounting to telemarketing and temporary help agencies. It also includes resorts and motels and auto repair shops.

The second largest numeric increase in jobs was from employers in the second largest industry division, trade. In 2001 there were 2,500 jobs in wholesale trade and 13,900 in retail trade. Retail trade employers, most of them selling food either in grocery stores or in restaurants, added over 1,500 jobs in the five-year period.

Manufacturing employers, long considered the backbone of local economies, squeaked out a mod-

(Continued on page 2)

**Employment Change by Industry Division: 1996 to 2001**



Source: WI DWD, Nonfarm wage and salary estimates, revised March 2002

est increase of 30 jobs in the five-year period. Still, this increase exceeded the decline of 2.2 percent in state manufacturing jobs. Over 40 percent of the manufacturing jobs in Northwest Wisconsin are with producers of lumber and wood products and another 15 percent are with industrial equipment manufacturers. The largest manufacturers in the region are in three counties: Price, Rusk and Taylor; and, nearly 8,000 of the 14,800 jobs in manufacturing (55%) are in these three counties.

One other industry division in the northwest, government, provides 20 percent of the jobs in the region. Government employment includes jobs with federal, state,

county, city and town governments, local school districts, and the four tribal governments and the businesses they operate in the region. Total government employment in 2001 was 14,750. Of the 950 government jobs added from 1996 to 2001 over 600 were with tribal government operations.

Preliminary monthly estimates in 2002 were produced using SIC codes. But, when the estimates are revised in 2003, the revisions will only be published in NAICS. Initially, there will only be one year of historic data for comparison, and because the changes are so dramatic, there is no easy conversion from SIC to NAICS.

### What is NAICS and how is it different?

SIC	SIC divisions	NAICS* sectors	NAICS*
Agriculture, Forestry, and Fishing	01-09	11	Agriculture, Forestry, Fishing & Hunting
Mining	10-14	21	Mining
Construction	5-17	22	Utilities
Manufacturing	20-39	23	Construction
Transportation, Communication, and Utilities	40-49	31-33	Manufacturing
Wholesale Trade	50-51	42	Wholesale trade
Retail Trade	52-59	44-45	Retail trade
Finance, Insurance, and Real Estate	60-67	48-49	Transportation & Warehousing
Services	70-89	51	Information
Public Administration	91-97	52	Finance & Insurance
		53	Real Estate, Rental & Leasing
		54	Professional, Scientific & Technical Services
		55	Management of Companies & Enterprises
		56	Admin, Support, Waste Mgmt. & Remediation Services
		61	Education services
		62	Health care & Social assistance
		71	Arts, Entertainment & Recreation
		72	Accommodation & Food Services
		81	Other services (except Public Administration)
		92	Public Administration

\*North American Industry Classification System

NAICS, North American Industry Classification System, uses the same payroll reports completed by employers under the existing SIC (Standard Industrial Classification) system but classifies employers (employment and payroll) into more sectors. And, as the name suggests, will be used by Canada, Mexico and the United States. Unlike SIC, which was based on **what** was produced, NAICS is designed to focus on **how** products and services are created. Another major change occurs with wholesale and retail trade where NAICS transitions the focus to what the establishment **does** rather than **to whom** it sells. NAICS also creates new sectors for some of the old retail trade industry groups, ie: eating and drinking places move to accommodation and food services.

NAICS is not an update of SIC but a completely new system and will provide a better look at where people work and what industries are growing. Because it is a completely new system creates problems in reconstructing time series data. For instance, in Northwest Wisconsin, all loggers who were included in manufacturing under SIC will now be included in agriculture, forestry and fishing; and publishing and printing will be split between the new information sector and manufacturing. Remember, the focus of NAICS is **how** products are created. Since newspapers were included in printing and publish and they disseminate information, they will be in the new NAICS information sector. Printers, on-the-other-hand,

(Continued on page 3)

process images to a medium (such as paper) and will remain in manufacturing. There were roughly 450 jobs classified under printing and publishing in SIC in 2001.

The changes in manufacturing are minor compared with the changes in retail trade and services. Eight new sectors were created in NAICS for many of the old retail and services SIC codes. But again, the new sectors are not merely new names for old codes. For instance, the new sector of accommodation and food services includes not only restaurant (retail trade) and hotel, motel and resort (services) employers but also some retail bakeries, snack trucks and food caterers, all from different SICs. Roughly 5,500 jobs with eating and drinking places will be reassigned from retail trade into this new sector.

The transition from SIC to NAICS began in 1997 with the Economic Census. However, the monthly Current Employment Statistics (CES) program, responsible for the monthly nonfarm wage and salary employment tables for counties, will inaugurate NAICS in 2003. During the first year of the conversion only 2002 and 2003 employment estimates will be produced.

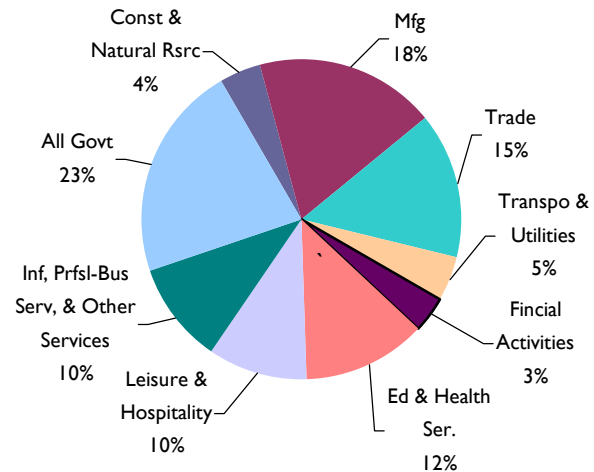
Employment estimates for counties will not be produced for each of the new 19 sectors, however, since in many counties the sectors will be too small to produce reliable estimates. There will be combinations, but hopefully, those combinations will provide more insight than the old SIC groups. The graph on this page includes the groups that will be used for monthly employment estimates for counties. The graph is based on March 2002 payroll data and initial benchmark editing. The benchmark process includes adding employment not covered by the Wisconsin Unemployment Insurance law, such as jobs with parochial schools, churches, work-study and work experience programs, and railroads.

Because of the new arts, entertainment & recreation and accommodation & food services sectors NAICS estimates will provide some insight to employment changes in the tourism industry. Employers from the new sectors are included in the leisure and hospitality group. In Northwest Wisconsin employers in this group provide roughly 10 percent of all jobs (7,000) in 2002.

Another new group, education & health, tracks employment changes primarily in health care and social assistance services since education here includes only private institutions. In March, 2002, employers in this group provided 12 percent of the jobs, roughly 8,700, in the region. This will be an important group to watch since jobs in health care are among the fastest growing in the country and region.

Another new conglomerate, the information, professional and business services and other services group was

### Northwest Wisconsin NAICS Industry Distribution: 2002



Source: DWD, Labor Market Information Section, ES-202, Jan. 2003

formed to include new NAICS sectors that have fewer jobs. It is as large as the new leisure and hospitality group and many of the new-economy jobs are found with employers in information and professional services. This group is also much larger statewide than it is in the region because more job opportunities for information and business professionals exist in metropolitan areas than in rural areas. Statewide, over 15 percent of the jobs are in this group.

The financial activities group, with only three percent of the region's jobs, also has a lower share than in the state where this group includes six percent of the jobs. Employers in financial activities, especially those with corporate offices, are a good source of professional jobs. In the northwest, however, many of the jobs in financial activities are clerical.

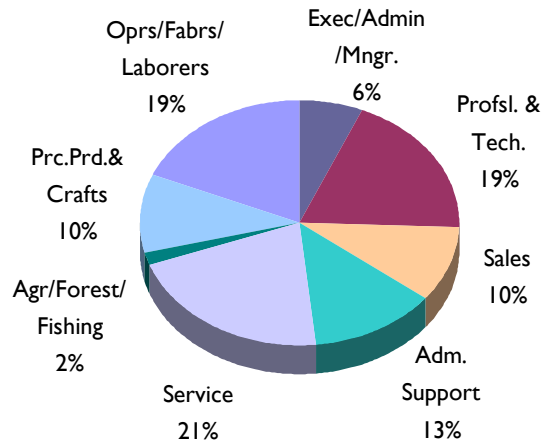
The region has a much higher share of jobs in government than the state. Statewide, government employment comprises only 16 percent of the total number of jobs compared with 23 percent in Northwest Wisconsin. As mentioned earlier, a primary reason is that government in the northwest includes jobs with tribal governments.

Employment with transportation and utilities employers is slightly larger in the region than the four percent share in the state. Most of the region's transportation employment is in Douglas County with numerous trucking firms and railroad terminals. The county also has one of only two international ports in Wisconsin.

You begin to see that the types of industry in an area determines the kinds of occupations needed to fill those jobs. The occupational mix of jobs with employers will

(Continued on page 4)

## Northwest Wisconsin Occupations in 2008



Source: WI DWD, Bureau of Workforce Information, 2001

not change even though those employers may now be grouped in new industry sectors. For instance, nurses will still work for health care providers and as those employers grow so will the demand for nurses.

The occupation projections for Northwest Wisconsin were completed in 2001 and are still a good indicator of trends in the demand for workers in the area. An understanding of the occupational needs of an area begins with a good understanding of the industries and the occupations that are employed by those industries. Some of those industries, like schools and restaurants, are common in nearly every community in the region and many of the occupations in these industries, teachers and waiters, are generally known to everyone.

The information about occupations in industries comes from an annual survey of businesses coordinated by the US Bureau of Labor Statistics. The results of that survey,

(Continued on page 5)

Occupations with the Largest Number of Annual Openings Due to Growth and Separations WDA7-Northwest: Ashland, Bayfield, Burnett, Douglas, Iron, Price, Rusk, Sawyer, Taylor, Washburn,						
Occupational Title	1998-2008 Percent Growth	Change	Est. Average Annual Openings Growth	Separations(1)	Total(2)	Education and Training Typically Required(3)
Cashiers	280	13.0%	28	94	122	Short-term on-the-job-training
Waiters & Waitresses	150	9.4%	15	88	103	Short-term on-the-job-training
Food Prep/Service Workers, Fast Food	100	10.0%	10	55	65	Short-term on-the-job-training
Retail Salespersons	110	7.1%	11	52	63	Short-term on-the-job-training
Office Clerks, General	180	12.5%	18	40	58	Short-term on-the-job-training
Food Preparation Workers	70	8.0%	7	49	56	Short-term on-the-job-training
General Mgrs & Top Execs	220	11.8%	22	33	55	Work exp. plus a bachelor's or higher dgr.
Teachers, Secondary School	170	19.5%	17	28	45	Bachelor's degree
Truck Drivers, Heavy	210	13.5%	21	22	43	Postsecondary vocational training
Nursing Aides/Orderlies/Attendants	220	16.3%	22	19	41	Short-term on-the-job-training
Assemblers & Fabricators, NEC	180	14.9%	17	22	39	Short-term on-the-job-training
Registered Nurses	150	14.0%	16	18	34	Associate degree
Bartenders	10	1.4%	1	30	31	Short-term on-the-job-training
Teachers, Elementary School	70	8.2%	8	20	28	Bachelor's degree
Laborers, Landscaping/Groundskeep	140	29.2%	14	14	28	Short-term on-the-job-training
Maids & Housekeeping Cleaners	140	18.9%	14	14	28	Short-term on-the-job-training
Janitors & Cleaners	40	4.0%	5	22	27	Short-term on-the-job-training
Carpenters	50	7.9%	5	17	22	Long-term on-the-job training
Maintenance Repairers, General Utility	60	8.2%	6	16	22	Long-term on-the-job training
Cooks, Restaurant	80	14.5%	8	14	22	Long-term on-the-job training
Reception/Information Clerks	100	17.2%	10	11	21	Short-term on-the-job-training
Helpers/Laborers/Movers, NEC	20	3.4%	2	18	20	Short-term on-the-job-training
Hand Packers & Packagers	60	10.9%	6	14	20	Short-term on-the-job-training
Admin Support Supervisors	80	15.1%	8	12	20	Work exp. in related occupation
Marketing/Sales Supervisors	100	13.5%	10	10	20	Work exp. in related occupation

(1) Separations are an estimate of how many job openings there will be in each occupation due to people permanently leaving an occupation. Openings that occur due to people changing employers but remaining in the same occupation are not included.

(2) Total openings are an estimate of how many new entrants are needed in the occupation.

(3) Typically required means this is the most common way people are expected to enter the occupation.

Other notes: Self-employed, unpaid family workers and work-study students are not included. Railroad workers are not included, except in WDAs 7 and 8.

Source: WI DWD, Bureau of Workforce Information, 2001

summarizing the distribution of occupations by group in Northwest Wisconsin, appear in the graph on the left. The table on page 4 is a list of the 25 occupations projected to have the most annual openings in the ten-year projection period. The number of annual openings includes those created by employers as new jobs and those created when workers leave the occupation to start new careers or leave the workforce.

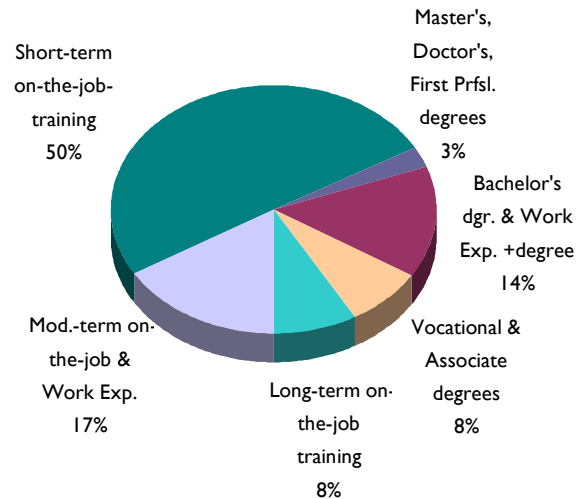
In Northwest Wisconsin the service occupational group, with 21 percent of area jobs, is the largest. It is larger in this region than in the state where only 16 percent of the jobs are in the service group. This group includes the waiters, cooks, food prep. workers and bartenders who are employed in the region's abundant restaurants and bars. Eight occupations from the service group are included on the list of the occupations with the most projected openings. For six of the eight occupations the number of openings from separations greatly exceeds the number generated by growth. While employers have come to expect some post-secondary training for these jobs, most workers are able to function in the jobs with only a short training period.

Operators, fabricators, and laborers have similar training characteristics where a short training program is adequate for most workers. This occupational group also has a greater share of workers in the northwest than in the state and includes assemblers, truck drivers, machine operators and packagers. Nearly all of the jobs in this group are with manufacturers; but some, like bus and truck drivers and forklift operators are found in other industries. Only four occupations appear on the list, however, because manufacturing employment is not increasing as fast as other industries.

Roughly 19 percent of the jobs in the northwest are in professional and technical occupations slightly less than the 20 percent share in the state. Many of the jobs in the region are with school districts, hospitals and government agencies while in the state professional occupations include more administrative and business specialty jobs. Most of the occupations in this group require training beyond high school. Only primary and secondary teachers and registered nurses are on the list, however.

Even though this list includes only 25 occupations, those occupations represent 43 percent of the job growth and 44 percent of the anticipated need from annual openings in the northwest region and only a few require any post-secondary training. In fact, half of the job openings projected over the ten-year period require only short-term on the job training (less than 1 month); and, another 17 percent require only a moderate training period (1-12 months). However, in recent years many em-

### Annual Openings in Northwest Wisconsin

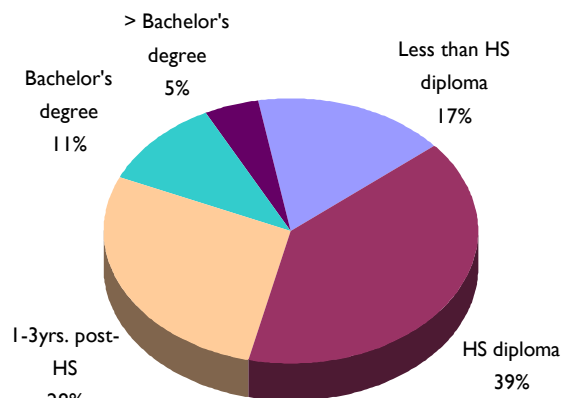


Source: WI DWD, Local Workforce Planning Section, 2001

ployers have turned to technical schools to provide both short- and moderate-term training.

According to Census 2000, roughly 39 percent of the population in Northwest Wisconsin has only a high school diploma and another 17 percent have less than that. That means that 44 percent of the population has some education beyond high school and of those only 16 percent have a college degree. That falls short of the share of management, professional and technical jobs in the area that require a degree. That said, it is difficult to compare the existing educational attainment of the population with current, or future, demand because employer requirements are changing for new entrants into the labor market and the current data reflects a workforce that includes both younger and older participants.

### Education Attainment in 2000 in Northwest Wisconsin



Source: US Dept. of Commerce, Census Bureau, *Census 2000*



## ~ The Supply of Workers ~

### Northwest Wisconsin Population

The demand for workers is created by employers when they create new jobs and fill vacancies from employees leaving. In the last ten years (1991-2001) business expansions created over 14,000 jobs. During that same period of time the labor force increased by only 12,000 participants. It follows then that the number of unemployed in the region declined by 2,000 during that time and prior to the current recession.

In 2001, the labor force included about 91,875 residents who were either employed or unemployed. In the last two years the number of unemployed increased from a low of 4,500 in 1999 to nearly 5,600 in 2001. The downturn in the economy is temporary and when it ends the region must deal with a labor supply that is growing older. The capacity for the labor force to expand after this recession and meet the needs of future employer growth is the question on everyone's mind.

The current population not only produces the workers but also the demand for goods and services that require a workforce to produce. Would we need landscapers if there were fewer golf courses? Would we need an increasing number of health care professionals if the population were younger?

An understanding of the local population, and how it is changing, is crucial to understanding the supply of labor.

The total population in Northwest Wisconsin in 2000 was 180,782. During the last decade the population increased 7.1 percent, slower than the state increase of 9.6 percent. The current population in the ten-county region is only 3.4 percent of Wisconsin's population.

The table below details the total population in each county in the region (for county specific information on age and labor force refer to individual county profiles available at [www.dwd.state.wi.us/lmi](http://www.dwd.state.wi.us/lmi)). It is clear that some counties are adding residents faster than others and most of that growth is from migration. Burnett, Sawyer and Washburn counties added residents faster than other counties. In each county the population increased as the number of new residents moving to the area far exceeded the loss from natural changes (births over deaths). Over 7,500 residents, nearly two-thirds of the migration to the region, moved to these counties during the 1990s. By 2002, the combined population comprised over one-quarter of the area's population.

Douglas County is home to another 24 percent of the region's population. Most of that population, 70 percent, live in the City of Superior, the region's largest city, and immediate area. Douglas County is also part of the Superior-Duluth metropolitan statistical area because of the

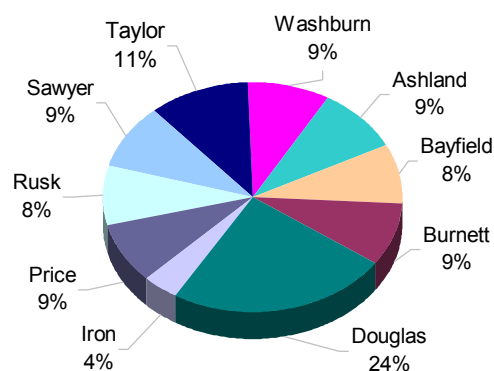
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#### Total Population

	2000 Census	January 2, 2002 Estimate	Percent change
United States	281,421,906	286,200,000	1.7%
Wisconsin	5,363,675	5,453,896	1.7%
Northwest WDA	180,782	182,991	1.2%
Ashland	16,866	16,979	0.7%
Bayfield	15,013	15,263	1.7%
Burnett	15,674	16,051	2.4%
Douglas	43,287	43,677	0.9%
Iron	6,861	6,932	1.0%
Price	15,822	15,891	0.4%
Rusk	15,347	15,458	0.7%
Sawyer	16,196	16,584	2.4%
Taylor	19,680	19,718	0.2%
Washburn	16,036	16,438	2.5%

Source: WI Dept. of Admin., Demographic Services, 2002

#### 2002 Population Distribution in Northwest Wisconsin



thousands of workers who commute between the two cities.

Iron County also shares a large workforce with another state, Michigan, but because the population is so much smaller there is no metropolitan designation. Iron County has the smallest population in the region and one of the oldest. The median age in Iron County is 45 years old.

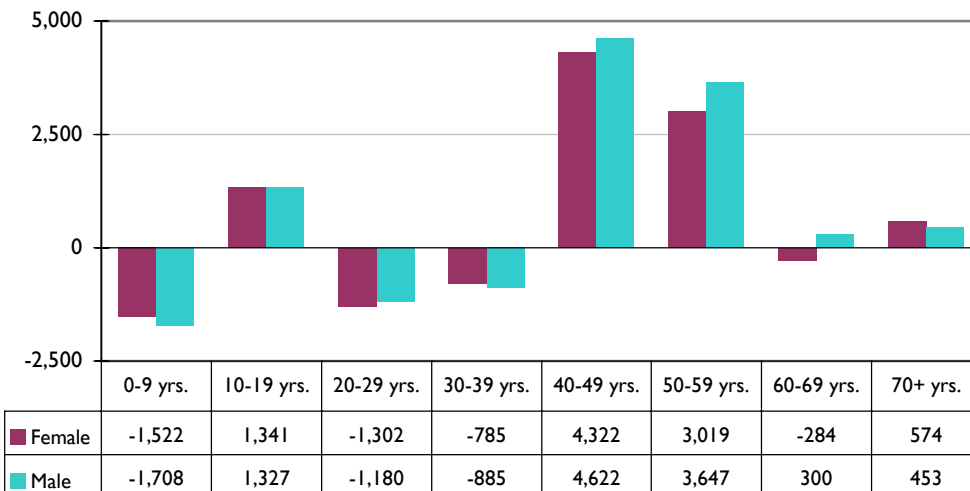
Taylor County is the second largest county and the City of Medford, with 4,333 residents, is the third largest city in the region. The City of Ashland is the second largest city with 8,606 residents and, because of the heavy commuting pattern into the city from Bayfield County, Ashland and Bayfield counties are classified as a labor market area. Together the two counties comprise 17 percent of the area's population.

While population growth in Bayfield County is keeping pace with the state, Ashland County is among the slower growing counties in the region and the state. Rusk, Price and Taylor counties also had increases of less than one percent. These counties have not experienced the influx of new residents seen in other northwest counties.

Even though the increase in population in the northwest region was due primarily to migration, the migration rate for the region of 7.2 percent was less than the rate of all rural Wisconsin counties of 8.4 percent. It did, however, exceed the Wisconsin rate of 4.7 percent because some counties in the region had high migration rates (Burnett was 3rd highest in the state) and no county lost residents.

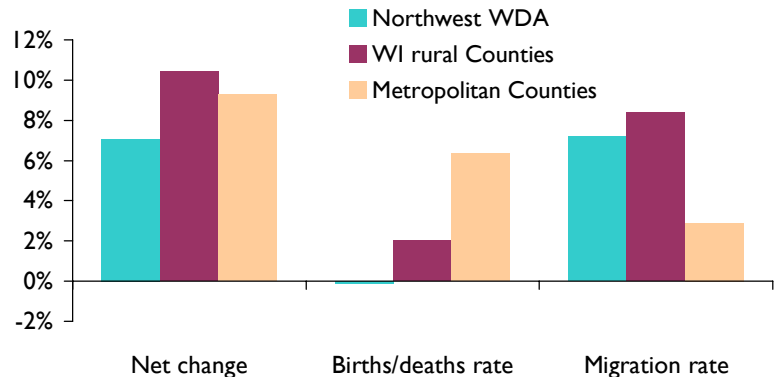
Because the region's population is small the average

#### Population Change in 10-year Age Groups by Sex 1990 - 2000 in Northwest Wisconsin



Source: WI Dept. of Admin., Demographic Services, 2002

#### Components of Population Change in Northwest WDA Compared with other rural & metropolitan counties



	Total increase 1990-2000	Increase from Births - Deaths	Increase from Migration
Northwest WDA	11,939	-200	12,139
WI rural Counties	162,770	31,627	131,140
Metropolitan Counties	309,136	212,060	97,079

Source: WI Dept. of Administration, Demographic Services, 2001

increase from migration was only 1,214 new residents per county, less than half the average increase in all 52 rural counties of 2,522. The average increase for the 20 metropolitan counties, with only a 2.9 percent migration rate, was 4,854.

Only 16 counties in the state reported more deaths than births and 6 were in Northwest Wisconsin. It was also the only region in the state that had a decline in population from natural causes.

The results of so few births in the region is visible in the bottom graph in the loss of residents under the age

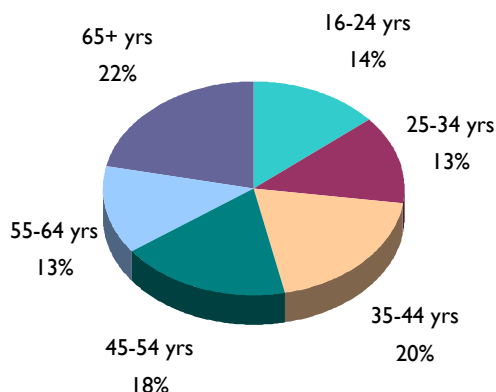
of 10. From 1990 to 2000 the under 10 age group declined from 24,825 to 21,595. The next age group reflects the increase in population from the small boom in births during the 1980s and from people moving to the region with children. The 10-19 year old group includes the new labor force entrants entering the workforce in the immediate future while the younger group provides an indication of the absence of new entrants expected near the end of the next decade.

The decline in 20-29 year olds provides an indication of how many young people leave the

(Continued on page 8)



### Northwest County Labor Force Age Groups



Source: US Dept. of Commerce, Census Bureau, *Census 2000*

area, mostly to attend out-of-area schools. But once they have a degree they seldom return since there are fewer job possibilities in the region that require their education.

The combined effect of migration and the aging of baby-boomers becomes apparent in the increase in the next two age groups. The magnitude of the increase in these age groups is the reason for concern, especially in Northwest Wisconsin. In only nine years (2012) the youngest of those 50-59 year old group, which includes 22,130 residents, will be 62.

Currently, 22 percent of the regional population is over the age of 60, much higher than in the nation (15%) or state (17%). This share will increase in the next seven years and the implications are staggering, especially as they effect the labor force.

By definition of the US Bureau of Labor Statistics, the labor force age population includes all residents 16 years old and older that are potentially able to work (it does not include institutional residents or military personnel). The chart above illustrates the distribution of the labor force age population in Northwest Wisconsin by age groups. Even though the labor force age population numbers 143,025 residents, more than one-fifth of that population is 65 years old and over. The large share of elderly effects the supply of labor in two ways.

The first is more obvious because we associate retirement with aging. As retirements increase employers need to find replacements from the younger workforce or decide not to fill the vacancy. And even though there are nearly 31,000 residents 65 years and older, few of them participate in the labor force.

These older residents are still considered a part of the potential labor force age population even though few of

them are actually in the labor force. That is one reason that the labor force participation rate in Northwest Wisconsin is only 65 percent when the state participation rate is 73.5 percent and the national rate is 68.3 percent.

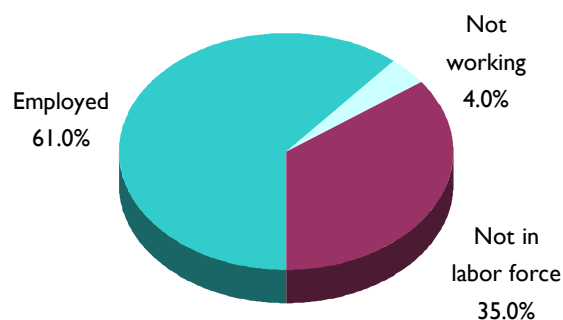
The second effect of an older population is that they increase the need for workers who will care for them and help them acquire the 'good-life'. They want improved healthcare, more leisure activities, and fewer household chores. They may also want to return to work but with fewer hours and better schedules.

In Northwest Wisconsin the participation rate of the population 65 years and older is roughly 11.5 percent of the population according to Census 2000. In April, 2000 of the 30,960 residents 65 years and over in the region, 3,340 were employed and 200 unemployed. Nationally, the trend is for retirees to return to the workforce and the national labor force participation rate for those 65 years and older increased from 11.8 percent in 1990 to 12.8 percent in 2000. Increasing participation to 13 percent would add 700 workers to the labor force.

Even an increase of 700 older workers, however, will not compensate for the decline in younger entrants. In ten years, at the existing participation rate, there will be about 1,200 fewer workers between the ages of 16 and 24 years old.

In the last two decades employment growth has relied on an abundant workforce to fill the jobs created by employer expansion. In the next two decades there will be no labor force expansion. There will be fewer young people to work in 'entry-level' jobs. If employer expansion is to occur it will have to be through improved productivity, creative scheduling, and/or accommodations to include an older workforce.

### Northwest 2001 Labor Force Participation



Source: WI DWD, Local Workforce Planning Section, 2002